

# **So You Want to Go Into Business for Yourself ?.....**

## **Here are a few things you'll need to know before you decide:**

- 1.** No one will be withholding income tax for you, so you will need to put aside money to make quarterly tax payments.
- 2.** In addition to income tax, you will also have to pay 15% SELF-EMPLOYMENT tax. This is your payment into Social Security and Medicare, which should also be set aside for quarterly tax payments. Consult with our office to determine how much of your earnings needs to be set aside.
- 3.** If you will be doing business in Washington, you need to get a business license from Washington State. Register with the State by completing a Master Business Application. (See link on this web site page.)
- 4.** Businesses in Mississippi must pay Business taxes on gross business revenue. Some businesses must also charge sales tax to their customers and remit those sales taxes to the State. Mississippi Department of Revenue will require Monthly, Quarterly or Annual Tax Reports and Payments. You can registrar for the TAP MS Electronic Tax System, which we recommend.
- 5.** If you will be paying any self-employed person for services (e.g. subcontractors, legal fees, janitorial, bookkeeping, consulting, rent), you must get from those vendors an IRS Form W-9 (see link on this web site page) and their Mississippi Tax number. For vendors paid \$600 or more, total, in the calendar year, a Federal Form 1099 must be filed at year-end by the end of February. The purpose of that form is to notify the IRS of income earned by the vendor. The vendor is due a copy of the form by the end of January each year. (We can file these forms for you at a low cost).
- 6.** You will need to devise a system to track all of your business expenses. Consult with our office about what constitutes a business expense. (See also Individual Organizers – Schedule C.)
- 7.** Business MILEAGE is often the biggest missed deduction for most people -- make sure you keep track, and remember the IRS requires strict substantiation of these expenses. Which is why we recommend that you buy our Pocket Calendar.
- 8.** If you decide to hire employees, everything becomes much more complicated. Be sure to consult with us to set up your payroll process.
- 9.** When you become an Employer, life changes! Be sure to consult with someone before taking this step. You can set up an appointment with our qualified staff. Contact us.